

USA Capital

First Trust Deed Investment

Borrower: Marlton Square Associates, LLC or assignee
The managing partner of Marlton Square Associates is Capital Vision Equities (CVE). CVE, founded in 1991, is a full service real estate development and consulting group which specializes in the construction and rehabilitation of affordable housing and quality retail development in inner-city areas in California. To date they have participated as a developer or consultant in the construction or rehabilitation of over 1,400 units of housing and just completed a 285,000 sq. foot retail center in Southern Los Angeles with a Home Depot, Food4Less, IHOP, Radio Shack and Walgreen.
CVE has raised over \$75,000,000 in low income housing tax credit based equity for its clients. CVE has accessed and implemented a wide range of public financing mechanisms including redevelopment agency tax increment funds, locally administered HOME and Community Development Block Grant fund and tax exempt bond proceeds. The principals of CVE are committed to socially responsible developments: CVE only participates in developments which it believes will fit within the fabric of a neighborhood and will improve the quality of social construction and build the environment of that community.

Loan Amount: \$30,000,000

Rate: 12.5% (net)

Loan to Value: Approximately 64% based on an appraisal by Cressner and Associates dated September 8, 2005.

Maturity: July 10, 2006

Collateral: First Deed of Trust on 22 acres for a mixed use redevelopment located at the intersection of Martin Luther King Drive and Marlton Drive in Los Angeles, CA.

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USA Commercial Mortgage Company 4484 S. Pecos Rd, Las Vegas NV 89121
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Borrower Equity: The borrower currently has approximately \$4,000,000 in the project for predevelopment and project cost. At close of escrow Phoenix Realty and Lee Homes will bring in \$10,500,000 in equity with another \$7,000,000 coming in for a Fannie Mae Housing development program subsidy.

The Project: The borrower will purchase the existing Santa Barbara Plaza with the purpose of demolishing the existing shopping center and preparing the site for resale to separate developers approved to construct 140 moderate, market-priced single family homes, 150 market priced condominiums units, 180 senior retail housing units, and 116,000 square feet of retail space.

To encourage the redevelopment of the existing shopping center the City of Los Angeles has committed to a package of incentives and subsidies including various grants, low costs loans, and adding tax increments districts, totaling \$30,275,000.

Capital Vision Equities has been involved in the redevelopment planning of this site for over 4 years and has seen the current development plan evolve from a single-use plan to the present multi-use plan to be executed by separate developers.

The current Plan calls for Marlton Square Associates, a CVE entity, to be the land developer, with Lee Homes, a Los Angeles-based residential developer with specific expertise and success in urban in-fill housing development purchasing two of the four parcels to build and sell the single family homes and condominiums. LNR Property Corporation is contracted to purchase a parcel to develop and operate the retail center. The remaining parcel is to be sold to a joint venture being managed by Simpson Housing, a leading national developer of senior rental housing. This final parcel is being used as parking for the senior housing project which is actually being built on a site abutting but not included in the subject site. Construction of the senior housing has already been started.

All entitlements and permits required for the entire project have been granted and committed. The city funds being used have been allocated and committed and are subject only to the individual contingencies that were negotiated for the particular program being used. Generally these

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contingencies relate simply to the purchase of the entire site. The main exception is the Section 108 loan funding that is subject also to the retail development being at least 50% preleased. Currently the retail space is over 50% preleased by tenants including Circuit City, PetSmart, Shoe Pavilion, and Starbucks.

In the surrounding area is the Baldwin Hills-Crenshaw Plaza, an 850,000 square foot regional shopping center built in 1947 and renovated in 1992. The center is anchored by Sears, a stand-alone Robinson-May, and recently Wal-Mart opened a 150,000 square foot store in the shopping center. Adjacent to the site is the Magic Johnson Theaters, a stand-alone multiplex with 27 screens.

Guarantees:

The loan will be guaranteed by Chris Hammond with an estimated net approximately \$19,000,000 as of 12-31-04.

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